

***EXHIBIT I***

***SAMPLE HOUSING PLAN:  
CITY OF RED LODGE***



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# **HOUSING PLAN**

***PREPARED BY***

**DOUBLE-TREE, INC.**

**1993**

# CITY OF RED LODGE

## HOUSING PLAN 1993

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### Purpose

The purpose of adopting a Housing Plan for the City of Red Lodge is to address identified housing needs within the community.

### Background

The City of Red Lodge has successfully completed a Community Needs Assessment Survey and a Housing Structural Condition Survey.

The City Council appointed a Citizens Advisory Committee in November, 1992 to spearhead the effort of completing those surveys. The focus of the committee actions over a ten month period has been to generate an adequate base of statistical data about the City and couple that hard data with the values and expectations of Red Lodge residents.

The committee's ultimate goal is to develop the basis for three essential planning documents directed at addressing community needs. Those documents include a City Housing Plan, a Capital Improvement Plan, and an Economic Development Plan. The desired result is to integrate the three plans into a cohesive, result oriented, Overall Community Development Plan.

### Statement of Goals and Objectives

**Community Life:** To provide and maintain safe, sanitary, and satisfactory housing together with efficiency and economically organized community facilities to support it.

Manage housing and its preservation and development in the community via zoning, annexation/subdivision control, enforcement of building and housing codes.

**Social Concerns:** To provide safe, satisfactory housing opportunities to all households at affordable costs, without regard to income, race, religion, national origin, family structure or disability.

Evaluate exclusionary circumstances that prohibit housing opportunities for the elderly, low and moderate income households and special needs households. Encourage affordable housing development for those population groups.

**Stability:** To stabilize the deterioration of the existing housing stock and promote a stable housing production to ensure a predictable and appropriate supply of housing for the population.

**Environmental:** Plan housing to accommodate community housing needs, optimize the quality of life, use land and resources efficiently, and create minimal adverse impacts on the natural environment.

### **Past Housing Efforts**

Past community development efforts specific to housing issues completed within the community include:

- \* *Zoning Regulations adopted and revised in 1977 and 1988;*
- \* *Zoning Commission created in 1977;*
- \* *Construction of the Red Lodge Apartments, a low income multi-family apartment complex with 12 one bedroom units, 8 two bedroom units and 4 three bdrm units. 16 of those units are rental assisted through the FmHA 515 Project which was completed 1983;*
- \* *Construction of the Frontier Apartments, a low income elderly apartment facility with 24 one bedroom units 22 of which are assisted through the FmHA 515 Program which was completed 1975;*
- \* *Passage of a Fair Housing Resolution.....(adopted 1993);*
- \* *Completion of a Historical Inventory.....(SHPO funded and approved 1981).*
- \* *Downtown Revitalization Plan.....(1986)*

### **Total and Household Population Data**

The 1990 census data for the City of Red Lodge indicates a population of 1,958 persons. This number reflects a net +3.3% change from the 1980 figure of 1,896. The population census for Red Lodge for the past half century is indicated below:

	1940	1950	1960	1970	1980	1990
Population	2,950	2,730	2,278	1,844	1,896	1,958

The population of Red Lodge peaked in 1912 at over 6000. That era marked Red Lodge as a primary coal mining area of the state. With the advent of strip mining, the onset of competition from electricity and diesel fuels as energy sources and a major labor strike effectively shut down coal mining in the area. Coal mining stopped in totality following the Smith mining disaster of 1943.

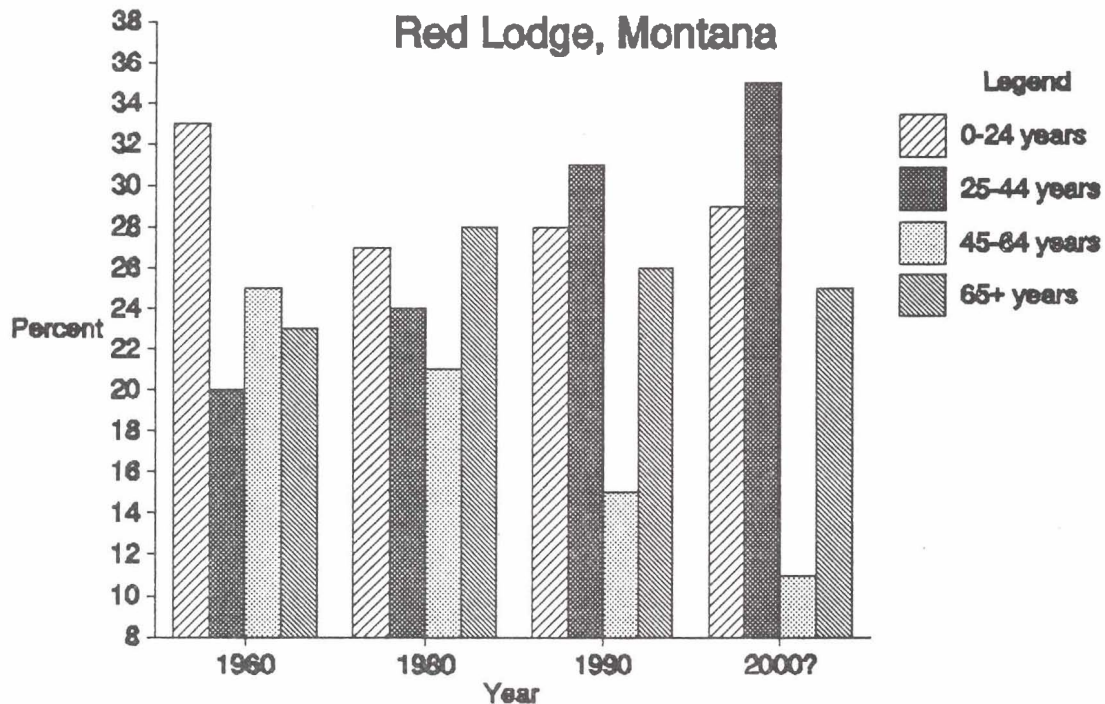


With the decline of mining as the major economic stimulus, the population of Red Lodge steadily declined to 2,000 in 1950. The major economic base from the 1950's through the 1980's has been agriculture related.

While agriculture is still the primary economic sector in the county, Red Lodge and the immediate Red Lodge area has a growing tourism/recreation economy. Also, the flight of young urban families to rural communities in pursuit of lifestyle issues is impacting the Red Lodge community.

Population distribution by age categories over the past 50 years likewise reflects the changes in economic factors. (Source - U.S. Census Bureau)

## PERCENT POPULATION BY AGE



The 1993 Community Needs assessment Survey, CNAS, confirmed the disproportionate age distribution of the population in Red Lodge. The survey results showed the highest age group to be the elderly, 62 years of age or over, at 39% of the respondents.

The 1993 CNAS results with regard to special needs households are as follows:

- \* 51% - LMI (low and moderate income);
- \* 13% - Handicapped;
- \* 39% - Elderly;
- \* 12% - Single parent head of household.

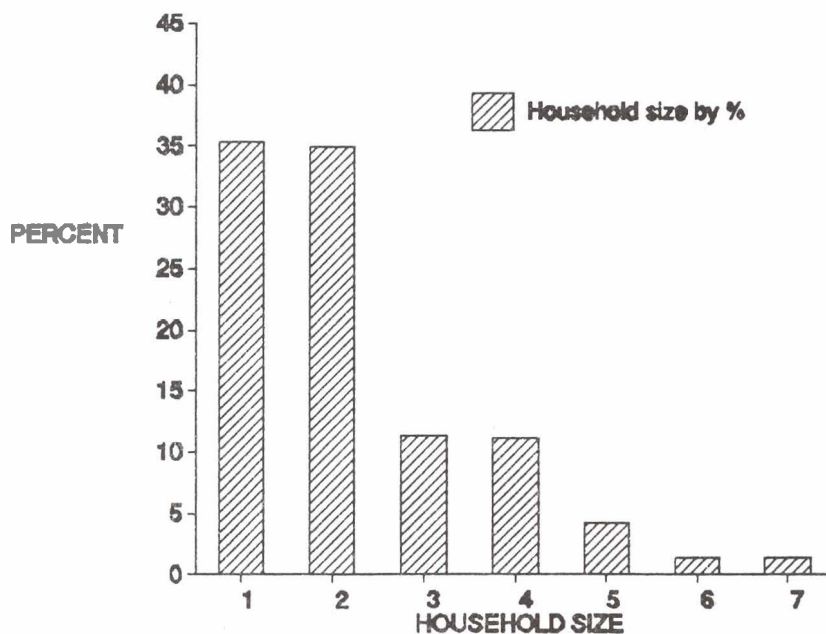
### Existing Housing Stock and Occupancy

The City of Red Lodge has completed a Housing Structural Condition Survey of all housing units in the City in 1993. The methodology utilized was the MT DOC Point Deduction System. The survey tallied a total of 892 units within the jurisdictional boundary of Red Lodge.

- \* Red Lodge has 892 housing units;
- \* the overall housing stock is 70% substandard;
- \* Red Lodge's housing stock is 96% occupied;
  - \* 74% - owner occupants;
  - \* 26% - renter occupants;

As expected from the population statistics, with a the high percentage of elderly, the majority of the housing stock is occupied by one or two member households. 70% of the households in Red Lodge are occupied by either one or two persons.

### # of Persons in Household



The vast majority of the housing stock was built between 1900 and 1920. Housing units are typically stick built structures. Rock foundations are common. Two story houses are also common.

A reconnaissance level historic survey of the entire community of Red Lodge was completed in 1981, and two subsequent intensive level historic building surveys since that time have resulted in the nomination and listing of two historic districts in the community: the Main Street Commercial Historic District and the Hi-Bug Residential District. In addition to these officially designated districts, a number of independently significant properties, a Finn Town Historic District and a Northside Historic Residential District have been identified as potentially eligible for listing in the National Register. In fact, most of the housing stock which pre-date World War II is likely to qualify for listing in the National Register.

### Market and Trends

The real estate market in Red Lodge is brisk and all property types are in high demand.

A survey of local realtors showed 72 units sold in 1992. Those units sold total approximately \$3,000,000 in sales with the average unit selling at \$42,000. The prices ranged from \$115,000 on the high end to less than \$15,000 for mobiles or lots with structures for demolition. The largest number of properties fell into the \$30,000 to \$50,000 range. Average length on the market in 1992 was 220 days.

The 1992 numbers varied from the 1991 figures considerably. In 1991 a total of 42 sales were recorded, with a top sale recorded at \$154,000, the predominate price group in the mid \$40,000. The average length on the market was 207 days.

Currently, 32 units are on the market, twelve of those are pending sales. **Estimated market time is thirty days.** Highest demand is for \$60,000-\$80,000 homes that are in good condition. Few houses in that category come on the market. Buyers are generally forced to purchase any unit available, usually one that needs some level of renovation. Only 30% of the homes available on the market would be classified in standard condition.

Prices for real estate are increasing. A unit that sold for \$50,000 in 1980 would sell for \$80,000 in today's market. The bulk of market value increase has occurred in the last two or three years.

***Buyers Profile:***

Realtor statistics show a buyers waiting list approaching 600. Approximately half of the buyers have specific requirements such as river frontage or size requirements. The remaining 300 are waiting for anything!

First-time homebuyer requests are not specifically recorded although local realtors are in agreement that prices and financing conditions preclude most first-time buyer efforts.

Approximately 12% to 30% of the buyers are considered "out of area buyers". Out of area buyers are defined as those from outside of Carbon County.

The urban to rural migration of young professional families is pronounced in the Red Lodge area. Nestled at the base of the Beartooth Mountains with the Custer National Forest and Yellowstone National Park in its backyard, Red Lodge also poses a strong attraction for out-of-state, wealthy urbanites seeking summer or winter homes to take advantage of the natural recreational opportunities.

***Investors:***

There are a number of investors looking for long-term rentals, which are difficult to find. In addition, most require extensive rehabilitation.

***Seasonal:***

There is a market for seasonal housing for out-of-town buyers.

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The current flurry in the real estate market is not only depleting the available housing stock but has spurred new housing development. The immediate Red Lodge area had a number of housing starts in the past few years.

***Affordability:***

Household and per capita incomes have not increased proportionately to the cost of housing in Red Lodge.

Rental costs have doubled in the past five years. Housing prices have increased 50-60%. Yet, the median household income for Red Lodge has only risen from \$10,617 in 1980 to \$17,375 in 1990. The per capita income in Red Lodge in 1990 was \$10,166.

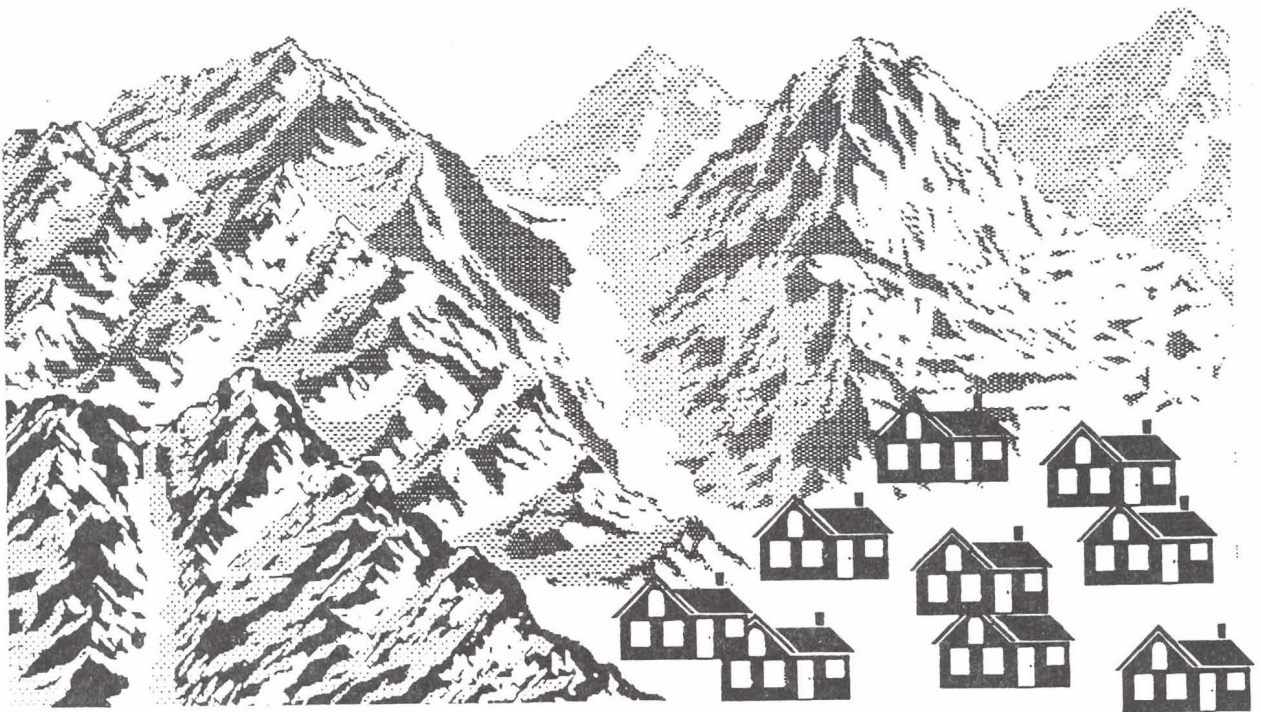
The median household income for Red Lodge is \$17,375, which is below the poverty line for a family of four, as defined in Section 673 (2) of the Community Services Block Grant Act (42USC 9902(2)); or below 80% of the Statewide non-metropolitan median household income.



The rising real estate values have stressed the affordability limits for the typical Red Lodge wage earner and many local retirees.

The generally accepted basis for determining housing affordability is that not more than 35% of a household's income should be expended for housing expenses (mortgage payments, taxes, insurance and utilities). In Red Lodge, a family of four with the median household income of \$17,375 would have to expend 40% of that income to live in a house with a \$35,000 mortgage.

An elderly single person, receiving a typical Social Security monthly benefit of \$790 would be forced to expend 49% of that income for housing, to live in a one bedroom apartment at the Fair Market Rental Value of \$388/month (includes utilities).



## Housing Problems and Needs

The City Council appointed Citizens Advisory Board, responsible for spearheading the preparation of this Housing Plan, has identified many housing needs within the City of Red Lodge as specifically listed below.

The process of identifying housing needs has included analysis of the Community Needs Assessment Survey (CNAS) results, the housing structural survey results, surveys of and discussions with local real estate agents, and input from other community based organizations including the Red Lodge Committee on Elderly Housing and the Red Lodge/Roberts Senior Citizens Club.

The housing needs in Red Lodge fall under four, as listed below. These needs reflect a lack of available and affordable housing.

### *Housing Rehabilitation:*

Existing housing stock is deteriorating, leading to increases in substandard, unsuitable shelter. Over 70% of the housing stock is categorized as substandard. Most substandard homes are currently violating codes and are unsafe.

In addition, substandard housing conditions can stress affordability due to energy inefficiency and a higher cost for repair of reoccurring maintenance problems. Housing rehabilitation is the largest numerical housing need in the City of Red Lodge based on the results of the CNAS and the Structural Condition Survey.

The high percentage of low and moderate income households, elderly and special needs households compounds the problem of substandard housing. These households simply do not have the financial resources to correct deficiencies in their homes. They continue to live in substandard, unsafe conditions and the City's housing stock continues to decline.

### *New Housing Construction:*

Red Lodge has a need for more housing stock, both for owner and rental occupancy. Virtually every "liveable" housing unit in Red Lodge is occupied.

The real estate market is brisk, consistent with the area's upswing in the market. Red Lodge is attractive to young families wishing to locate in a rural setting. Red Lodge is attractive for seasonal housing.

Available sites for new construction are limited within the City limits. Annexation of contiguous property would be needed for any larger scale development. Cost of providing public facilities is an overriding concern.

There is a large need to increase the amount of available elderly housing opportunities. The one existing elderly rental facility, Frontier Apartments is consistently 100% full. Elderly housing needs topped the results of the Community Needs Assessment Survey.

The results to CNAS survey questions specifically focused on elderly housing showed that 80% of the respondents felt Red Lodge needed more elderly apartments, 80% - more elderly/low income housing, 77% a congregate/personal care housing facility.

The CNAS asked responding renters the following questions regarding the overall need for rental units (not specific to elderly):

Does Red Lodge need additional:

rental houses?	93% answered yes
apartments?	85% answered yes
low income rentals?	78% answered yes
better quality rentals?	88% answered yes
more affordable rental?	94% answered yes

#### *First-time homebuyers assistance:*

The CNAS asked responding renters if funds were available for first time homebuyers would they participate. 75% responded yes.

First-time home buyer needs are difficult to quantify. All real estate agents surveyed indicated some degree of need within the community. The population statistics, which show an growing number of young adults support an increasing need for some type of assistance. Typical reasons for rejection of mortgage applications from first-time homebuyers included:

- \* lack of adequate down payment funds or closing costs;
- \* debt service payments beyond the borrowers capacity;
- \* substandard condition of units for sale.

#### *Tenant-based Assistance:*

The HUD Section 8 Rental Assistance program had a total of 14 individuals or families on its waiting list for Red Lodge as of June 1993. That program is currently providing assistance to eight tenants in Red Lodge.

The large percentages of low and moderate income households, elderly, and special needs households indicate an unquantified need for tenant-based assistance.

**Priority of Strategies to Meet Housing Needs**  
**Project Development and Implementation**  
**1993/1994/1995**

***Housing Rehabilitation:***

1) Structure and implement a rehabilitation project for a defined area of the City which has the largest percentage of substandard housing units and the largest percentage of "special needs" households. Summer 1993.

2) Apply for and secure all available sources of private and public funding to finance the rehabilitation activities. Sources may include but may not be limited to:

- \* MT Department of Commerce Community Development Block Grant Program, application date - September 13, 1993;*
- \* MT Department of Commerce HOME Investment Partnership Act Program, application date January 25, 1994;*
- \* USDA Farmers Home Administration Housing Preservation Grant Program, application date - Spring 1994;*
- \* USDA Farmers Home Administration '504' Program, applications - individual basis;*
- \* Human Resource Development Council Weatherization Program, applications - individual basis;*
- \* local and area banks.*

3) Implement and complete rehabilitation activities, 1994 - 1995.

4) Re-evaluate City's rehabilitation needs, 1995.

***New Construction:***

1) Structure and implement a project to provide for the construction of elderly rental housing.

2) Identify and assist local developers/builders/investors that wish to participate in the project in some form. Coordinate the project and facilitate the implementation by providing City assistance as necessary and appropriate. City assistance may be channeled through the Citizens Advisory Committee. Their assistance may include but may not be limited to:

- \* locating and researching site availability and suitability, 1993;*
- \* identifying funding options, 1993;*
- \* completing additional surveys needed to support financing applications, 1993;*
- \* identifying public facility requirements of a project, 1993.*

3) Complete construction of facility, 1994 - 1995.

## Identification of Constraints

Achievement of the goals, objectives, and projects proposed for implementation in this Housing Plan may be impacted by a number of identifiable constraints.

### Financing:

Preservation and enhancement of existing housing stock is dependent on availability of appropriate funding. Local government resources are limited. State and federal programs currently present the only feasible option for financing rehabilitation efforts.

Funding for new construction activities is limited and difficult to secure. Conventional financing terms and conditions often do not allow for a level of profitability necessary to entice developers/builders to construct new housing.

Applications to public programs for new construction which are available can be arduous to process, time consuming and have long term restrictions with regard to profitability and maintaining occupant affordability. In addition, state and federal programs have limited funding annually.

### Regulatory:

Housing rehabilitation or new construction activities must comply with dozens of regulatory requirements. Those regulations include but may not be limited to: zoning requirements, environmental issues, historical preservation issues, annexation and subdivision laws, and building codes reviews.

### Continuity/local commitment:

A small rural community like Red Lodge does not have the resources to hire planning staff or a community development director. Therefore, the burden of perpetuating any community development efforts falls on local volunteers and elected officials. By nature, the individuals which take on these efforts change with time. A community runs the risk of losing continuity in a long term development effort.

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The City of Red Lodge Housing Plan provides for the implementation of activities which address the City's housing needs as currently defined. Following the completion of all or part of the activities stated herein, the Housing Plan will be updated as appropriate.

ATTEST:

Signed: \_\_\_\_\_

Brian Roat, Mayor

Date: \_\_\_\_\_